

House File 620 - Reprinted

HOUSE FILE 620

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 584)

(SUCCESSOR TO HSB 132)

(As Amended and Passed by the House April 17, 2013)

A BILL FOR

1 An Act relating to the economic development financial
2 assistance duties and powers of the economic development
3 authority by authorizing and creating fees, affecting the
4 aggregate tax credit limit for certain economic development
5 programs and the tax credit for the endow Iowa tax credit,
6 authorizing the diversion of withholding tax payments for
7 certain programs, making an appropriation, and including
8 effective date and retroactive applicability provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

COLLECTION OF FEES

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Section 1. Section 15.106B, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 5. *a.* The authority may charge fees to businesses or individuals who receive financial assistance under chapter 15 or 15E. The amount of such fees shall be determined based on the costs of the authority associated with its performance of contract administration and compliance duties relating to economic development programs.

b. The authority may charge businesses and individuals a fee for the use of the authority's federal EB-5 immigrant investor regional center.

c. Fees collected by the authority pursuant to this subsection shall be deposited in a fund within the state treasury created pursuant to section 15.106A, subsection 1, paragraph "o", and are appropriated to the authority for the purposes set out in section 15.106A, subsection 1, paragraph "o". However, fees collected by the authority pursuant to section 15.330, subsection 12, and section 15E.198, shall be used exclusively for costs associated with the administration of due diligence and compliance.

Sec. 2. Section 15.330, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 12. *a.* The imposition of a one-time compliance cost fee of five hundred dollars to be collected by the authority prior to the issuance of a tax incentive certificate or the disbursement of financial assistance.

b. The imposition of a compliance cost fee equal to one-half of one percent of the value of tax incentives claimed pursuant to an agreement that has an aggregate tax incentive value of one hundred thousand dollars or greater. The authority shall collect the fee from the business after the tax incentive is claimed by the business from the department of revenue.

Sec. 3. NEW SECTION. 15E.198 **Compliance cost fees.**

1 The compliance cost fees imposed in 15.330, subsection 12,
2 shall apply to all agreements entered into under this division
3 and shall be collected by the authority in the same manner and
4 to the same extent as described in that subsection.

5 Sec. 4. EFFECTIVE UPON ENACTMENT. This division of this
6 Act, being deemed of immediate importance, takes effect upon
7 enactment.

8 Sec. 5. APPLICABILITY. This division of this Act applies to
9 agreements entered into on or after the effective date of this
10 division of this Act.

11 DIVISION II

12 AGGREGATE TAX CREDIT LIMITATION

13 Sec. 6. Section 15.119, subsection 1, Code 2013, is amended
14 to read as follows:

15 1. *a.* Notwithstanding any provision to the contrary in
16 any of the programs listed in subsection 2, the authority,
17 except as provided in paragraph "b", shall not authorize for
18 any one fiscal year an amount of tax credits for the programs
19 specified in subsection 2 that is in excess of one hundred
20 ~~twenty~~ eighty-five million dollars.

21 *b.* (1) The authority may authorize an amount of tax credits
22 during a fiscal year that is in excess of the amount specified
23 in paragraph "a", but the amount of such excess shall be counted
24 against the total amount of tax credits that may be authorized
25 for the next fiscal year.

26 (2) Any amount of tax credits authorized and awarded during
27 a fiscal year for a program specified in subsection 2 which are
28 irrevocably declined by the awarded business on or before June
29 30 of the next fiscal year may be reallocated, authorized, and
30 awarded during the fiscal year in which the declination occurs.
31 Tax credits authorized pursuant to this subparagraph shall not
32 be considered for purposes of subparagraph (1).

33 Sec. 7. Section 15.119, subsection 2, paragraphs d and e,
34 Code 2013, are amended to read as follows:

35 *d.* The tax credits for investments in qualifying businesses

1 and community-based seed capital funds issued pursuant to
2 section 15E.43. In allocating tax credits pursuant to this
3 subsection, the authority shall allocate two million dollars
4 for purposes of this paragraph, unless the authority determines
5 that the tax credits awarded will be less than that amount.

6 e. The tax credits for investments in an innovation fund
7 pursuant to section 15E.52. In allocating tax credits pursuant
8 to this subsection, the authority shall allocate eight million
9 dollars for purposes of this paragraph, unless the authority
10 determines that the tax credits awarded will be less than that
11 amount.

12 Sec. 8. EFFECTIVE UPON ENACTMENT. This division of this
13 Act, being deemed of immediate importance, takes effect upon
14 enactment.

15 Sec. 9. RETROACTIVE APPLICABILITY. This division of this
16 Act applies retroactively to July 1, 2012.

17 DIVISION III

18 ENDOW IOWA TAX CREDIT LIMIT

19 Sec. 10. Section 15E.305, subsection 2, Code 2013, is
20 amended to read as follows:

21 2. The aggregate amount of tax credits authorized pursuant
22 to this section shall not exceed a total of ~~three~~ five million
23 ~~five hundred thousand~~ dollars ~~plus such additional credit~~
24 ~~amount as provided by this section~~ annually.

25 a. The maximum amount of tax credits granted to a taxpayer
26 shall not exceed five percent of the aggregate amount of tax
27 credits authorized.

28 a. b. Ten percent of the aggregate amount of tax credits
29 authorized in a calendar year shall be reserved for those
30 endowment gifts in amounts of thirty thousand dollars or less.
31 If by September 1 of a calendar year the entire ten percent of
32 the reserved tax credits is not distributed, the remaining tax
33 credits shall be available to any other eligible applicants.

34 b. ~~For purposes of this subsection, the additional credit~~
35 ~~amount shall be an amount for each applicable calendar year~~

~~1 determined by the department of revenue equal to the amount of
2 money credited as provided by section 99F.11, subsection 3,
3 paragraph "d", subparagraph (3), for the prior fiscal year.~~

4 Sec. 11. Section 99F.11, subsection 3, paragraph d,
5 subparagraph (3), Code 2013, is amended by striking the
6 subparagraph.

7 Sec. 12. EFFECTIVE UPON ENACTMENT. This division of this
8 Act, being deemed of immediate importance, takes effect upon
9 enactment.

10 Sec. 13. RETROACTIVE APPLICABILITY. This division of this
11 Act applies retroactively to January 1, 2012, for endow Iowa
12 tax credits authorized on or after that date and for endow Iowa
13 tax credit applications received on or after that date.

14 DIVISION IV

15 WITHHOLDING TAX DIVERSION

16 Sec. 14. NEW SECTION. 15.331 Withholding tax payment
17 diversion.

18 1. If the authority enters into an agreement pursuant to
19 this part, or pursuant to chapter 15E, division XVIII, for
20 any of the incentives or assistance provided under this part,
21 the authority and the eligible business may agree to credit
22 a portion of the withholding payments required under section
23 422.16 to the authority as provided in this section.

24 2. a. An eligible business entering into a withholding
25 agreement with the authority pursuant to this section shall
26 remit the total amount of withholding payments due pursuant to
27 section 422.16 to the department of revenue.

28 b. The department of revenue shall quarterly deposit in a
29 fund created pursuant to section 15.106A an amount equal to two
30 and one-half percent of the gross wages paid by the eligible
31 business to each employee holding a created or retained job
32 covered by an agreement entered into pursuant to this part or
33 chapter 15E, division XVIII. Moneys to be deposited pursuant
34 to this paragraph shall not be paid to the authority until
35 the correct amounts have been verified by the department of

1 revenue.

2 3. Withholding payments shall be deposited pursuant to this
3 section by the department of revenue for each employee holding
4 a created or retained job for the duration of the agreement
5 between the eligible business and the authority.

6 4. The authority and the eligible business shall provide
7 to the department of revenue any information necessary to
8 correctly process the diversion of withholding tax payments
9 pursuant to this section.

10 5. An employee holding a created or retained job shall
11 receive full credit for the amount withheld as provided in
12 section 422.16.

13 6. If a portion of the employee's gross wages are subject
14 to a withholding credit diversion under chapter 260E, chapter
15 260G, or section 403.19A, or a supplemental withholding
16 credit diversion under section 15E.197, then the withholding
17 payments shall be credited in the following order of priority,
18 regardless of when the agreement was entered into under this
19 section:

20 a. First, the withholding payments to be credited pursuant
21 to chapters 260E and 260G and section 15E.197.

22 b. Second, the withholding payments to be credited pursuant
23 to this section.

24 c. Third, the withholding payments to be credited pursuant
25 to section 403.19A.

26 7. The authority, in conjunction with the department of
27 revenue, shall adopt rules for the administration of this
28 section.

29 Sec. 15. EFFECTIVE UPON ENACTMENT. This division of this
30 Act, being deemed of immediate importance, takes effect upon
31 enactment.

32 Sec. 16. RETROACTIVE APPLICABILITY. This division of
33 this Act applies retroactively to July 1, 2012, for high
34 quality jobs program agreements and enterprise zone program
35 agreements entered into on or after that date, and for awards

1 of incentives or assistance made under those programs on or
2 after that date.

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DIVISION V

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CITY DEVELOPMENT BOARD FEES

5 Sec. 17. Section 368.10, Code 2013, is amended to read as
6 follows:

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368.10 Rules — establishment of filing fees.

8 The board may establish rules for the performance of its
9 duties and the conduct of proceedings before it. The rules
10 may include establishing filing fees for applications and
11 petitions submitted to the board. The amounts collected
12 from the establishment of such fees are appropriated to the
13 board for the purpose of reimbursing the economic development
14 authority for the budgeted costs of covering the board's
15 expenses as described in section 368.9, subsection 1. Any
16 amounts collected in a fiscal year by the board in excess of
17 such budgeted costs shall be deposited in the general fund of
18 the state. The board's rules are subject to chapter 17A, as
19 applicable.